

2026 -- S 2021

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LC003436

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S T A T E O F R H O D E I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

RELATING TO TAXATION -- PERSONAL INCOME TAX

Introduced By: Senator Peter A. Appollonio

Date Introduced: January 09, 2026

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 44-30 of the General Laws entitled "Personal Income Tax" is hereby
2 amended by adding thereto the following section:

3 **44-30-12.1. Bitcoin exemption.**

4 (a) For the purposes of this section the following terms shall have the following meanings:

5 (1) "Bitcoin" means a digital, decentralized currency based on blockchain technology,
6 which is used for peer-to-peer transactions.

7 (2) "Business" means and refers to any entity, corporation, partnership, sole proprietorship,
8 or other organization that is based and operates primarily in the State of Rhode Island.

9 (3) "Individual" means and refers to a natural person who resides in the State of Rhode
10 Island.

11 (4) "Market value" means and refers to the current price of Bitcoin in fiat currency as
12 determined by a reputable, publicly available source or index at the time of the transaction.

13 (5) "Sale of Bitcoin" means and refers to any transaction in which Bitcoin is sold or
14 exchanged for another form of value, such as fiat currency or other digital or physical assets.

15 (b) Any sale or exchange of Bitcoin by an individual or business based in Rhode Island
16 shall be exempt from state taxation if the total value of such transactions does not exceed five
17 thousand dollars (\$5,000) per month, or twenty thousand dollars (\$20,000), per taxable year.

18 (c) Transactions exempt under this section shall not be included in the individual's or
19 business's income for the purpose of calculating state income or capital gains tax.

1 (d) Taxpayers may self-certify their eligibility for this exemption on their annual state
2 income tax return.

3 (e) Individuals and businesses claiming this exemption shall not be required to report such
4 transactions individually but shall maintain reasonable records sufficient to verify that the total
5 value of Bitcoin sales or exchanges within the taxable year does not exceed the annual exemption
6 limit. Such records shall be made available to the department of revenue upon request for audit
7 purposes.

8 (f) The department of business regulation shall issue plain-language guidance for
9 individuals and businesses regarding this exemption, including examples of acceptable
10 recordkeeping and valuation methods.

11 (g) This section shall remain in effect until January 1, 2028, unless extended or amended
12 by the general assembly following review of its fiscal and economic impact.

13 (h) If any provision of this section or its application to any person or circumstance is held
14 invalid, the invalidity shall not affect other provisions or applications of the section which can be
15 given effect without the invalid provision or application, and to this end, the provisions of this
16 section are severable.

17 SECTION 2. This act shall take effect on January 1, 2027, and sunset on January 1, 2028.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION -- PERSONAL INCOME TAX

- 1 This act would establish a simplified exemption from state income tax for small-scale
- 2 Bitcoin transactions up to five thousand dollars (\$5,000) per month, or twenty thousand dollars
- 3 (\$20,000) per taxable year.
- 4 This act would take effect on January 1, 2027, and sunset on January 1, 2028.

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